

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6927

BILL NUMBER: HB 1454

NOTE PREPARED: Jan 10, 2013

BILL AMENDED:

SUBJECT: Local Government Rainy Day Funds.

FIRST AUTHOR: Rep. Candelaria Reardon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill removes a provision allowing a political subdivision to transfer not more than 10% of its annual budget to its rainy day fund.

It provides that unused and unencumbered funds from any fiscal year and certain specified sources may be transferred to the rainy day fund at any time.

It also provides that unobligated cash balances from any fiscal year and sources not specified by statute may be transferred to the rainy day fund if the amount of the transfer is specified in an ordinance or resolution establishing the rainy day fund and the transfer is not more than 10% of the political subdivision's annual budget.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill has indeterminate fiscal impact on political subdivisions that have excess balances from prior years to transfer to the subdivision's rainy day fund.

Under current law, a taxing unit may transfer unused and unencumbered funds from local option income taxes to the RDF. Taxing units may also transfer unused and unencumbered funds from tax levies in that fiscal year to the RDF as long as the transfer doesn't exceed 10% of the total annual budget in the fiscal year.

Under this bill, a taxing unit would be permitted to transfer balances at any time and from any year to the RDF. The maximum amount of each transfer would be 10% of the total annual budget in the fiscal year but there would be no annual limit to the number or amount of transfers.

State Agencies Affected:

Local Agencies Affected: Political subdivisions.

Information Sources:

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